

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



**CORRECTED
FISCAL NOTE**

SB 176 – HB 1172

March 30, 2009

SUMMARY OF BILL: Removes the authorization to transfer funds from multiple funds, reserve accounts and programs for closing out a fiscal year. Requires all funds, revenues, taxes, and proceeds of notes or bond issues that are now or may be hereafter devoted or allocated to the Department of Transportation (TDOT) be placed, by the State Treasurer, into an account to be known as the Department of Transportation State Highway Fund or the Highway Fund.

ESTIMATED FISCAL IMPACT:

On March 30, 2009, we issued a fiscal note for this bill indicating the following estimated fiscal impact:

Other Fiscal Impact – In future years when shortfalls exist, transfers from other state funds, reserve accounts, or programs would be required for year-end closings in lieu of any transfers that would have otherwise been made from transportation funds, transportation reserves, or the Highway Fund.

Based on revised information submitted by the Department of Finance and Administration (F&A), the Division of Budget, the fiscal impact of this bill is estimated as follows:

(CORRECTED)

Increase State Revenue – \$1,100,000/Highway Fund

Decrease State Revenue - \$1,100,000/General Fund

Other Fiscal Impact – In future years when shortfalls exist, transfers from other state funds, reserve accounts, or programs would be required for year-end closings in lieu of any transfers that would have otherwise been made from transportation funds, transportation reserves, or the Highway Fund.

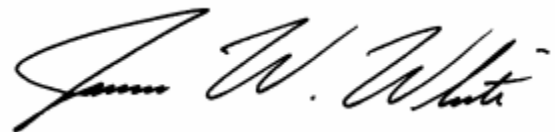
SB 176 – HB 1172 (CORRECTED)

Assumptions:

- Section 1 of this bill deletes Tenn. Code Ann. § 4-3-1016, which identifies numerous authorizations to transfer funds from multiple state funds and/or departments to the General Fund for the purpose of closing out a fiscal year.
- Section 2 and Section 3 of this bill amends other sections of code as if the only transfer authorization being removed from Tenn. Code Ann. § 4-3-1016 is subsection (c) which specifically authorizes transfers from Department of Transportation funds, reserve accounts, and programs in the Highway Fund for closing out a fiscal year.
- For the purpose of this fiscal note, it is assumed that the only transfer authorization being removed as a result of this bill is the one specified in Tenn. Code Ann. § 4-3-1016(c).
- This bill will limit the ability of the Department of Finance and Administration (F&A) to manage shortfalls in the future. A transfer of \$55,800,000 was made from the Highway Fund for closing out FY05-06; a transfer of \$30,300,000 was made from the Highway Fund for closing out FY06-07.
- The Commissioner of F&A is authorized under current law to transfer funds from the Highway Fund pursuant to Tenn. Code. Ann. § 47-18-1311.
- According to F&A, the Division of Budget, \$1,100,000 will be transferred for FY09-10 from the Highway Fund pursuant to Tenn. Code Ann. § 47-18-1311 (page A-11 of the Governor's FY09-10 Recommended Budget).
- F&A indicates that such transfers are administered on a recurring basis under current law and that this bill would preclude such transfers from occurring in the future. As a result, there would be a recurring increase to the Highway Fund of \$1,100,000 per year and a recurring decrease to the General Fund of \$1,100,000 per year.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

/rnc